

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 17369
[REDACTED] Petitioner.)	
)	DECISION
)	
)	
)	

On May 20, 2003, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer), proposing income tax, penalty, and interest for the taxable year 1997 in the total amount of \$1,499.

On June 4, 2003, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not respond to the Tax Commission's letter setting forth his options for redetermining the Notice of Deficiency Determination. Therefore, the Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) received information [Redacted] regarding the taxable income of the taxpayer for 1997. The Bureau searched the Tax Commission's records and found the taxpayer had not filed an Idaho income tax return for 1997. The Bureau sent the taxpayer a letter asking him about his requirement to file an Idaho income tax return. The taxpayer failed to respond. The Bureau did further research and determined the taxpayer was required to file an Idaho income tax return for 1997. The Bureau prepared a return for the taxpayer and sent him a Notice of Deficiency Determination.

The taxpayer protested the Bureau's determination stating the amount of tax the Bureau figured was in error. The taxpayer stated he did make a profit in 1997 but not the amount the Bureau determined. He stated he had no way of proving his claim because he was incarcerated shortly after the 1997 year and all his records for 1997 were lost. The taxpayer asked if a compromise could be reached to settle the matter.

The Bureau referred the case for administrative review. The Tax Commission sent the taxpayer a letter giving him two options for having the Notice of Deficiency Determination redetermined. The taxpayer did not respond. The Tax Commission sent a follow-up letter to which the taxpayer responded by telephone. The taxpayer stated he would submit a letter listing what he thought his expenses were and offer it to the Tax Commission for consideration. The Tax Commission never received the taxpayer's letter, so the Tax Commission decided the matter based upon the information available.

It is clear from the information available that the taxpayer received income during 1997. The taxpayer does not dispute this fact. The income the taxpayer received was in excess of the filing requirements of Idaho Code section 63-3030. Again, the taxpayer agreed he needed to file an Idaho income tax return.

The taxpayer disputes the amount of tax claimed to be owed. He stated the Bureau used gross amounts of income to determine the tax. The taxpayer stated the Bureau did not account for rent, the cost of moving items, the cost of the items, hired help, etc. However, the taxpayer provided no documentation to substantiate any of the expenses he may have had. The taxpayer even admitted to not having the necessary documentation.

Deductions are a matter of legislative grace and the taxpayer must show that a particular deduction is allowed by statute. New Colonial Ice Co., Inc. v Helvering, 292 U.S. 435, 54 S.Ct. 788 (1934). The taxpayer also carries the burden of proof in showing a decision of the Tax Commission is incorrect. Albertson's, Inc. v. State, Dept. of Revenue, State Tax Com'n, 106 Idaho 810, 683 P.2d 846 (1984). The taxpayer has failed to show what deductions he may be entitled to and therefore, he has failed to show the Bureau's determination was incorrect.

WHEREFORE, the Notice of Deficiency Determination dated May 20, 2003, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1997	\$ 917	\$ 229	\$ 382	\$1,528

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayer's rights to appeal this decision is enclosed with this decision.

DATED this ____ day of _____, 2003.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this ____ day of _____, 2003, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]
[Redacted]

[Redacted]
